

## Fiscal Note

*Fiscal Services Division*



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**HF 524** – Appraiser's Fund and Assessment Expense Fund (LSB 2245HV)  
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Fiscal Note Version – New

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### **Description**

**House File 524** combines two separate Assessor's Office property tax rates allowed under current Code into a single rate. The two rates are the Assessment Expense rate and the Special Appraiser rate. The maximum allowed rate would become the sum of the two existing separate rates, \$0.675 per thousand. The Code currently allows the transfer of expenses between the two accounts, with limitations. The Bill also combines the separate funds financed by the two rates and directs that balances in the Special Appraiser's Fund be transferred to the Assessment Expense Fund. The change is effective July 1, 2011.

### **Background**

Iowa currently has 107 assessor offices (99 county and 8 city assessors). For FY 2011:

- Ten are at the maximum for both rates
- Forty are at the maximum for one rate and not the other
- Fifty-seven are below the maximum for both rates

In addition to the Assessment Expense and Special Appraiser rates, assessor offices are also allowed property tax rates for employee benefit and tort liability expenses. The maximum assessor office rate for FY 2011 was \$0.749 per thousand and the minimum was \$0.206 per thousand.

Property taxes paid to support assessor offices statewide equaled \$48.7 million for FY 2011. In addition, \$3.2 million from the assessor levies was diverted to economic development through Tax Increment Financing (TIF).

### **Fiscal Impact**

House File 524 would eliminate the need for county and city assessors to allocate office expenses between two separate funds. This should result in some administrative efficiency. The forty assessor offices that currently are at the maximum for one rate and not the other would see greater rate-setting freedom under a system where the two activities are combined as one rate limit.

### **Source**

Department of Management Property Tax Files

/s/ Holly M. Lyons

March 9, 2011

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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